PROVINCE OF SASKATCHEWAN

07-08

ANNUAL REPORT

SASKATCHEWAN
MINISTRY OF JUSTICE
AND ATTORNEY GENERAL

SASKATCHEWAN FINANCIAL
SERVICES COMMISSION

Table of Contents

Letters of Transmittal 3

Commissioners 4

Who We Are 6

Our 2007-08 Annual Report 9

Performance Measures 16

Legislation 18

Where to Obtain Additional Information 19

This annual report is also available in electronic format on the Saskatchewan Financial Services Commission's web site at **www.sfsc.gov.sk.ca**

Letters of Transmittal

His Honour the Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

As the Minister responsible for the Saskatchewan Financial Services Commission, I respectfully submit the Annual Report for the year ending March 31, 2008.

Don Morgan, Q.C.
Minister of Justice and Attorney General

The Honourable Don Morgan, Q.C.
Minister of Justice and Attorney General

Dear Sir:

I have the honour of submitting for your consideration the annual report of the Saskatchewan Financial Services Commission for the year ending March 31, 2008.

Dave Wild
Chairperson

Commissioners

Dave Wild
Chairperson

Mr. Wild was appointed the first Chair of the Financial Services Commission with its creation in 2003. He had been appointed Chair of the Saskatchewan Securities Commission in 2001. However, the duties of the Securities Commission have been assigned to the Financial Services Commission. He also currently serves as the Superintendent of Pensions. Having been first appointed in 1992, he is the longest serving pension regulator in Canada. He is currently Chair of the Canadian Association of Pension Supervisory Authorities. Mr. Wild is also active in the Joint Forum of Financial Market Regulators. He is the immediate past Chair of the Joint Forum and chairs Joint Forum committees with respect to consumer complaint resolution and point-of-sale disclosure regarding mutual funds and segregated funds.

Dale Hillmer
Commissioner

Mr. Hillmer was appointed to the Securities Commission in August 2001. He was appointed to the Financial Services Commission on February 1, 2003. He has extensive experience with the credit union sector in Saskatchewan, serving 12 years as the CEO of Sherwood Credit Union and 12 years as Vice-President – Finance with Credit Union Central of Saskatchewan. Mr. Hillmer has served as a trustee of the Co-operators Pension Fund, the Saskatchewan Wheat Pool Pension Plan, the Co-operative Superannuation Society and Ethical Mutual Funds. He has also served on the advisory board of Regina Economic Development Authority.

Art Wakabayashi
Vice-Chairperson

Mr. Wakabayashi was first appointed to the Securities Commission as Vice-Chair in June 1997. He was appointed to the Financial Services Commission on February 1, 2003. He held senior positions in the Government of Saskatchewan, including Deputy Minister of Finance. In the federal government, he was Assistant Deputy Minister (Policy), Solicitor General's Department, and Federal Economic Development Co-ordinator. He was Chancellor of the University of Regina until July 1, 2007, when his Commission colleague William F. Ready, Q.C., assumed the title and Mr. Wakabayashi became the Chancellor Emeritus. He is a member of the Order of Canada, and is also the Honourary Consul-General of Japan in Regina.

William F. Ready, Q.C.
Commissioner

Mr. Ready was appointed to the Securities Commission in August 2001. He was appointed to the Financial Services Commission on February 1, 2003. He is a distinguished Saskatchewan lawyer with an extensive background in securities law, and served for 27 years on the board of the RoyFund mutual fund group. In 1989, the University of Regina conferred upon him the degree of Doctor of Laws (honoris causa). He was the senior partner of McDougall Ready law firm at the time of his retirement from active practice. On July 1, 2007, he became the seventh Chancellor of the University of Regina.

Frank Reidy
Commissioner

Mr. Reidy was appointed to the Financial Services Commission on February 1, 2003. He has served the insurance industry for 45 years and was made an Honourary Life Member of the Insurance Brokers' Association of Saskatchewan in 2002. He is the past Chair of the Insurance Brokers' Association of Saskatchewan. Mr. Reidy is the founding and current Chairman of the Board of Directors of Western Agriculture Insurance Corporation. Mr. Reidy served as the Vice-President of the Saskatchewan School Trustees Association. As well, he served as a Director of Canada Post Corporation. Mr. Reidy currently serves as a Director of the Providence Place Foundation.

Gwen Charman
Commissioner

Ms. Charman was appointed to the Financial Services Commission on February 1, 2003. Ms. Charman is a Chartered Accountant with experience in public practice, with the Department of Canadian Western Economic Diversification, and is currently the Director of Operations for the Meewasin Valley Authority in Saskatoon. She has been a long-term member of the Co-operative Securities Board, and has also served on the boards of Wanuskewin Heritage Park, Saskatchewan Archives, Saskatoon YWCA, Big Sisters of Saskatoon, Saskatoon Victorian Order of Nurses and Saskatoon Housing Authority.

Who We Are

The Saskatchewan Financial Services Commission (the "SFSC") is Saskatchewan's primary regulator of the financial services industry, including the credit union system, insurance, pensions, securities, trust and loans, loan brokers and mortgage brokers. Regulatory responsibilities include: providing input into developing provincial legislation, regulations, policies and standards (the rules); interpreting and applying the rules; and, taking appropriate action to protect the rights and interests of consumers of financial services when the rules are broken.

Similar to other financial services regulators, the ongoing operations of the SFSC encompass a broad range of regulatory functions, including:

- **Licensing and Registration**
  Financial institutions, pension plans and financial intermediaries require approval to conduct business. The SFSC requires applicants to provide enough information to allow assessment of whether the applicant is suitable to conduct business in the chosen field.
- **Audit and Compliance**
  On an ongoing basis, the SFSC monitors those regulated to verify they are capable of meeting their obligations to consumers and are conducting themselves in compliance with the rules.
- **Market Conduct and Complaint Handling**
  The SFSC ensures there are effective processes in place to receive and investigate complaints from consumers. Complaints are reviewed and appropriate information is collected to determine whether there are violations of rules.
- **Enforcement**
  The SFSC exercises its influence and its legislative powers to hold to account those who have violated the rules. Enforcement may be initiated based on information from complainants, information obtained from audit and compliance activities, or from other sources.

The SFSC's regulatory functions include both prudential and market conduct regulation. Prudential regulation addresses the financial soundness of those regulated, while market conduct regulation refers to supervising compliance related to consumer protection provisions including disclosure, confidentiality, fair practices and prohibited methods of doing business.

In fulfilling its mandate, the SFSC relies upon the following self-regulatory organizations:

- Credit Union Deposit Guarantee Corporation
- General Insurance Council of Saskatchewan
- Hail Insurance Council of Saskatchewan
- Life Insurance Council of Saskatchewan
- Investment Dealers Association of Canada
- Mutual Fund Dealers Association of Canada

A number of federal and provincial initiatives are focused on co-ordinating and harmonizing financial services regulation. The SFSC works together with regulators from other jurisdictions through the following national organizations: the Joint Forum of Financial Market Regulators, the Canadian Association of Pension Supervisory Authorities, the Canadian Council of Insurance Regulators, and the Canadian Securities Administrators.

The SFSC is led by a seven-person Commission established under *The Saskatchewan Financial Services Commission Act*. Section 9 of the Act provides the Commission with a mandate to:

- co-ordinate financial services regulators;
- provide for the development of policies to protect the interests of consumers of financial services;
- provide for the development of policies to regulate financial services and any persons who, or associations or groups of persons that, provide financial services; and
- perform any responsibilities of a financial services regulator pursuant to any financial services legislation that are assigned to the Commission by the regulations under the Act.

Pursuant to this last point, the responsibilities of the Saskatchewan Securities Commission have been assigned to the Saskatchewan Financial Services Commission.

Vision

SFSC's vision is to cultivate an environment in which everyone in Saskatchewan has confidence in and can enjoy the benefits from a vibrant financial marketplace.

Mission

The SFSC strengthens Saskatchewan's financial marketplace and protects consumers by regulating providers of financial products and services in an effective, efficient and balanced manner.

Regulatory Principles

The SFSC is committed to:

- **Competency**
  Other regulators and stakeholders rely on the SFSC because it has staff with the skills, knowledge and attitude required to deliver its commitments.
- **Consultation**
  The SFSC consults those who may be affected by a proposed regulatory change.
- **Transparency**
  The SFSC seeks to develop understandable rules that are complete and easy to access, and, when appropriate, to provide explanations and communicate its decisions.
- **Proportionate Regulation**
  When developing and applying rules, the SFSC considers the cost of compliance and the intended results. Regulatory actions are proportionate to the risk posed and contribute to sound business practices within the financial services sector.
- **Flexibility and Discretion**
  Recognizing there are many possible regulatory solutions, the SFSC exercises its discretion to achieve the most practical and affordable solutions that achieve the intended objective without compromising consumer protection.
- **Co-operation**
  The SFSC works with regulators in other jurisdictions and self-regulatory organizations to achieve regulatory efficiency and effectiveness.
- **Harmonization**
  The SFSC seeks to harmonize rules and systems across sectors and jurisdictions to the greatest extent possible. The SFSC will make exceptions when justified by the unique situation in Saskatchewan.
- **Accountability**
  The SFSC holds those being regulated responsible and accountable for complying with the rules. The SFSC is accountable to the government and to the public for applying the spirit and substance of the regulatory regime.
- **Accessibility**
  The SFSC is approachable by consumers and those it regulates.

The SFSC is committed to fulfilling its regulatory responsibilities. However, the SFSC recognizes that not every problem requires a regulatory solution. Therefore, the SFSC is also committed to providing strategic solutions. The SFSC considers a wide range of alternative actions such as supplying expertise and advice, acting as a mediator and providing forums for industry dialogue.

Values

The actions of the SFSC's personnel are guided by the following commitments:

- **Openness**
  We share information and listen openly. We encourage understanding of and involvement in decision-making.
- **Respect**
  We treat everyone fairly and with dignity, respect and compassion.
- **Professionalism**
  We exhibit a positive, courteous, conscientious, and business-like manner in the workplace. We take personal responsibility for achieving the goals of the SFSC.
- **Fairness**
  We are impartial and unbiased in our decision-making.
- **Decisiveness**
  We make clear, timely and responsible decisions.

- **Creativity**
  We encourage innovation and continuous improvement of our business processes and service provision.
- **Initiative**
  We empower our staff and encourage them to question the status quo.
- **Service**
  We provide quality and timely service by listening to, understanding and addressing the needs of our customers, clients and employees. We provide our people with the training and tools they need to do their jobs.
- **Work/life balance**
  We recognize and accommodate our employees' needs to balance their responsibilities and interests outside of work with meeting the increasing demands of the workplace.
- **Collaboration**
  We work together internally, and with those we regulate, to deliver the best possible solution.

Strategic Goals

SFSC's four strategic goals are briefly described as follows.

- **A fair and effective financial regulatory system for Saskatchewan**
  The SFSC ensures appropriate rules are in place to regulate the financial services sector. The SFSC is giving attention to requirements for new categories of entrants and new products as well as to the changing conditions in existing market segments. By increasing harmonization with other Canadian jurisdictions, updating Saskatchewan's legislation and related rules, and working effectively with the self-regulatory organizations (SROs), the SFSC will maintain and enhance the quality of its regulation.
- **Confidence in the SFSC and the Saskatchewan financial marketplace**
  The financial services industry depends on public and industry confidence. The SFSC recognizes that while most financial services providers follow the rules, the actions of those few who breach the rules can have a significant negative impact on confidence levels. The SFSC is increasing its emphasis on timely compliance and enforcement actions to deter wrong-doing, detect incidences of wrong-doing and reduce the harmful impact on consumers. At the same time, the SFSC will take steps to increase availability of tools and information that will help consumers protect themselves and make better decisions about their financial transactions.
- **Regulatory consistency between sectors and for like products and services**
  The SFSC is building increased cross-sectoral understanding and co-operation through participation in national initiatives and through the SFSC's integrated organizational structure and governance. The SFSC will work with the SROs to look for opportunities for enhanced consistency.
- **Effective results with limited resources**
  As a government agency, the SFSC is accountable to the public for the resources it uses. The SFSC is committed to continuous improvement of its operational efficiency.

Our 2007-08 Annual Report

Financial Institutions Division

The Financial Institutions Division (FID) regulates and supervises Saskatchewan trust, loan and finance companies, insurance companies, loan and mortgage brokers and the credit union system. FID protects the public interest and enhances public confidence by encouraging sound and ethical business practices for insurers and financial institutions duly authorized to operate in Saskatchewan. FID also oversees regulatory agencies that have been delegated authority.

2007-08 Core Activities and Strategic Action Items

- Respond to consumer inquiries and complaints.
- Protect consumers by licensing, auditing and examining regulated financial services businesses.
- Oversee, monitor and support the operation of existing industry regulatory bodies.
- Continue to participate with businesses, other provincial and federal regulators and self-regulatory organizations in legislative harmonization initiatives.
- Implement *The Payday Loans Act*.
- Continue to consult on mortgage broker regulations for government's consideration.
- Continue to participate in the Canadian Council of Insurance Regulators (CCIR) and the Joint Forum of Financial Market Regulators (Joint Forum), particularly regarding: relationships between insurers and sales intermediaries; intermediary licensing; risk-based market conduct; developing a new approach to point-of-sale disclosure documents for mutual funds and individual variable insurance contracts; and group life and accident and sickness insurance.
- Continue to monitor the progress of litigation and the activities of provincial ministerial initiatives regarding the alternative consumer credit market.
- Participate in the development of payday loan regulation.
- Continue holding ongoing meetings with the hail insurance industry regarding complaint handling processes and appointment of umpires.
- Review the Order of the Superintendent of Insurance which delegates certain functions to the General, Life and Hail Insurance Councils.
- Develop and implement recommendations for amendments to *The Saskatchewan Insurance Regulations* regarding investment eligibility.
- Create a legal and policy branch.
- Continue to participate in the development of a national complaint reporting system for insurance.

2007-08 Activities and Results

- Informed consumers and financial services businesses regarding marketplace rights and responsibilities by responding to 2,147 inquiries.
- Assisted consumers in resolving disputes with financial services businesses by responding to 211 complaints.
- Protected consumers by licensing, auditing and examining regulated financial services businesses:
  - issued 81 new licenses with respect to three Acts for a total of 575 licenses in force; and
  - conducted 24 audits, inspections, or reviews with respect to three Acts.
- Reviewed and approved bylaws from the Saskatchewan Insurance Councils and the Saskatchewan Real Estate Commission.
- Participated with businesses, other provincial and federal regulators and self-regulatory organizations in legislative harmonization initiatives.
- Consulted with industry regarding mortgage broker legislation.
- Continued participation in the CCIR and the Joint Forum, particularly regarding: relationships between insurers and sales intermediaries; intermediary licensing; risk-based market conduct; and developing a new approach to point-of-sale disclosure documents for mutual funds and individual variable insurance contracts.
- Monitored the progress of litigation and the activities of provincial ministerial initiatives regarding the alternative consumer credit market.

- Participated in the development of payday loan legislation.
- Conducted ongoing meetings with the hail insurance industry on complaint handling processes, and appointment of umpires.
- Continued to review the Order of the Superintendent which delegates certain functions to the General, Life and Hail Insurance Councils.
- Developed recommendations for amendments to *The Saskatchewan Insurance Regulations* regarding investment eligibility.
- Arranged for the establishment of a legal and policy branch for FID.
- Participated in the development of a national complaint reporting system for insurance.

2008-09 Core Activities and Strategic Action Items

- Respond to consumer inquiries and complaints.
- Protect consumers by licensing, auditing and examining regulated financial services businesses.
- Oversee, monitor and support the operation of existing industry regulatory bodies.
- Continue to participate with businesses, other provincial and federal regulators and self-regulatory organizations in legislative harmonization initiatives.
- Develop and consult on mortgage broker regulations for government's consideration.
- Continue to participate in the CCIR and the Joint Forum, particularly regarding: relationships between insurers and sales intermediaries; intermediary licensing; risk-based market conduct; developing a new approach to point-of-sale disclosure documents for mutual funds and individual variable insurance contracts; and group life and accident and sickness insurance.
- Continue holding ongoing meetings with the hail insurance industry regarding complaint handling processes and appointment of umpires.
- Review the Order of the Superintendent of Insurance which delegates certain functions to the General, Life and Hail Insurance Councils.
- Develop and implement recommendations for amendments to *The Saskatchewan Insurance Regulations* regarding investment eligibility.
- Develop and implement recommendations for amendments to *The Saskatchewan Insurance Councils Regulations* to enable the insurance councils to assess fines and collect costs associated with investigations and hearings.
- Staff the legal and policy branch for FID.
- Continue to participate in the development of a national complaint reporting system for insurance.
- Participate in national review of incidentally sold insurance and consideration of its appropriate regulation in Saskatchewan.
- Participate in a review of *The Credit Union Act, 1998.*
- Consider developing a regulatory regime for deposit agents under *The Trust and Loan Corporations Act, 1997.*

Pensions Division

The legislation administered by the Pensions Division protects employees' pensions. Standards are established with respect to the structure and administration of pension plans, as well as to the investment and ongoing funding of plans.

The Pension Benefits Act, 1992 regulates employer-sponsored pension plans with Saskatchewan workers as members. The Act does not apply to certain plans established for employees of the Governments of Saskatchewan and Canada, nor does it apply to plans associated with undertakings regulated by the federal government (e.g., plans for employees of companies involved in banking, transportation, broadcasting, grain handling).

The Pensions Division identifies and manages risks and problems to bolster public confidence in the pension system while allowing the market to develop to meet the retirement needs of Saskatchewan workers and employers.

2007-08 Core Activities and Strategic Action Items

- Protect pension plan members from undue loss by ensuring plans are funded in accordance with legislation, plan benefits comply with the legislated minimum standards, and plans are

administered in compliance with the legislation and plan documents.

- Review 50 to 60 actuarial valuation reports, 400 annual information returns, 30 new plans, 20 plan terminations and 150 to 200 plan amendments.
- Conduct visits to six plan administrators who have not filed a completed CAPSA Self-Assessment Questionnaire relating to the governance of their pension plans.
- Conduct three on-site Administrative Pension Examinations.
- Assess and test the governance practices of the administrators of selected plans who have completed and filed the CAPSA Self-Assessment Questionnaire.
- Participate in Canadian Association of Pension Supervisory Authorities (CAPSA) and Joint Forum projects related to consumer complaint resolution, point-of-sale disclosure of mutual funds and segregated funds, development of new reciprocal agreement among pension authorities, and development of model law principles for category two issues (i.e. non-contentious, but needing further policy development).

2007-08 Activities and Results

- Reviewed 40 actuarial valuation reports filed for non-designated pension plans[1]. An actuarial valuation measures the financial position of a defined benefit plan and recommends prospective contribution rates. Defined benefit plan assets of $10 billion exceeded their liabilities of $9.65 billion, meaning the system as a whole had a surplus of about $346 million. One hundred and sixty of 230 defined benefit plans had an unfunded liability. Total unfunded liabilities of plans have declined from $272 million to $199 million, while total surplus assets of plans have increased from $434 million to $545 million. Thirteen plans accounted for 91 per cent of the $199 million in unfunded liabilities. The Division monitored those plans closely.
- Conducted visits to four plan administrators who had not filed a completed CAPSA Self-Assessment Questionnaire relating to their plan governance practices.
- Conducted one on-site Administrative Pension Examination (APE). The APE program focuses on six key areas: membership, disclosure, contributions, asset administration, benefit calculations and plan management.
- Collected governance data and supporting documentation on 20 out of 26 pension plans based on the Self-Assessment Questionnaire developed by CAPSA. Two of those plans have since terminated. The Division continued its efforts to collect governance data and supporting documentation from the six remaining pension plans to more fully develop its risk assessment of plan governance.
- Participated in CAPSA and Joint Forum projects:
  - released a final framework for ongoing collaboration among the regulators of the financial services industry, both federal and provincial, and the ombudservices that make up the Financial Services OmbudsNetwork;
  - released a revised framework for comment for point-of-sale disclosure for individual variable insurance contracts and mutual funds;
  - developed a new agreement for the regulation of multi-jurisdictional pension plans;
  - contributed to the development of principles for category-two issues for the CAPSA model pension law; and
  - currently, Saskatchewan chairs CAPSA.

2008-09 Core Activities and Strategic Action Items

- Protect pension plan members from undue loss by ensuring plans are funded in accordance with legislation, plan benefits comply with the legislated minimum standards, and plans are administered in compliance with the legislation and plan documents.
- Review 30 to 40 actuarial valuation reports for non-designated pension plans, 425 annual information returns, 50 new plans, 20 plan terminations and 100 to 150 plan amendments.
- Conduct two on-site Administrative Pension Examinations.

1 Designated pension plans are plans established for connected persons or senior executives pursuant to section 8515 of the *Income Tax Regulations* (Canada).

- Assess and test the governance practices of the administrators of selected plans who have completed and filed the CAPSA Self-Assessment Questionnaire to determine the effectiveness of the current legislative framework; to consider revisions to the Division's pension plan audit approach; and to consider developing educational material for plan administrators.
- Review the information technology application supporting the activities of the Pensions Division.
- Further refine the risk-based supervisory approach in response to the Provincial Auditor's recommendations.
- Participate in CAPSA and Joint Forum projects related to consumer complaint resolution, point-of-sale disclosure for mutual funds and segregated funds, the agreement for the regulation of multi-jurisdictional plans and completion of CAPSA's model pension law project.
- Participate in the National Compliance Officers Association.

FiscalYear	New Plans Registered	Plan Terminations Reviewed	Annual Information Returns Reviewed	Plan Amendments Registered
2003/04	22	19	366	151
2004/05	22	14	379	123
2005/06	35	22	366	250
2006/07	41	14	402	354
2007/08	55	13	410	143

Securities Division

The Securities Division protects investors by regulating the sale of securities, without undue restriction, to ensure that:

- those who sell securities to investors are honest and competent;
- investors are provided with selling documents that contain truthful, complete and understandable information on which to base their investment decisions;
- buyers and sellers have equal access to information about companies whose shares trade in secondary markets; and
- those who take undue advantage of investors are held to account.

2007-08 Core Activities and Strategic Action Items

- Continue to perform core functions in: registration, prospectus and offering memorandum review, continuous disclosure review, discretionary exemption applications and enforcement.
- Continue to meet established turnaround times in registration, exemption applications and prospectus review.
- Carry out compliance reviews of five Saskatchewan-based advisers and 15 deposit agents.
- Review continuous disclosure material filed by nine Saskatchewan-based public companies.
- Continue to oversee the Investment Dealers Association (IDA) and Mutual Fund Dealers Association (MFDA).
- Implement *The Securities Amendment Act*, 2007, including:
  - targeted amendments to harmonize securities law nationally;
  - civil liability for secondary market disclosure;
  - financial compensation provisions;
  - reciprocal enforcement order provisions; and

- discontinuing registration of mineral lease brokers.

- Develop amendments to *The Securities Regulations* to reflect amendments to *The Securities Act, 1988* and adoption of national securities laws.
- Execute a plan to amend and repeal local policies, instruments, notices and general exemption orders to reflect the adoption of *The Securities Amendment Act, 2007* and new national instruments.
- Prepare amendments to *The Securities Act, 1988* to enable adoption of National Instrument 31-103 *Registration Requirements*.
- Finalize policy issues on regulation of deposit agents related to Local Instrument 32-501 *Deposit Agents*.
- Finalize delegation of registration of IDA firms and individuals to the IDA.
- Implement a new strategy and approach to stop illegal distributions more quickly and hold wrongdoers to account.
- Work with the Ministry of Justice to find ways of achieving more efficient, effective and timely prosecutions for offences under the Act.
- Set up information-sharing processes with the RCMP and other police services in Saskatchewan. Consider other ways of working together in a more integrated manner on enforcement issues.
- Contribute to the development of national securities laws by participating in projects of the Canadian Securities Administrators (CSA), including:
  - finalize and implement National Instrument 11-102 *Passport System* to adopt a "one decision" system of securities regulation for prospectuses and discretionary exemptions;
  - finalize and implement National Instrument 31-103 *Registration Requirements* to harmonize all local and national requirements related to registration;
  - finalize and implement National Instrument 41-101 *Prospectus Requirements* to harmonize all local and national requirements related to prospectuses;
  - develop National Instrument 55-101 *Insider Trading* to harmonize insider reporting requirements and exemptions;
  - finalize and implement National Instrument 62-104 *Take-over and Issuer Bids* to harmonize requirements relating to take-over and issuer bids; and
  - develop a national instrument to regulate principal protected notes.
- Participate on CSA Standing Committees that co-ordinate securities regulation in Canada.

2007-08 Activities and Results

- Continued to perform core functions in: registration, prospectus and offering memorandum review, continuous disclosure review, discretionary exemption applications and enforcement.
- Continued to meet established turnaround times in registration, exemption applications and prospectus review.
- Carried out compliance reviews of two Saskatchewan-based advisers and eight deposit agents.
- Reviewed continuous disclosure material filed by eight Saskatchewan-based public companies.
- Continued to oversee the IDA and the MFDA.
- Implemented *The Securities Amendment Act, 2007*, including:
  - targeted amendments to harmonize securities law nationally;
  - civil liability for secondary market disclosure;
  - financial compensation provisions;
  - reciprocal enforcement order provisions; and
  - discontinuing registration of mineral lease brokers.
- Amended *The Securities Regulations* to repeal the prospectus and take-over bid provisions made redundant by the adoption of NI 41-101 *Prospectus Requirements* and NI 62-104 *Take-over Bids and Issuer Bids*.
- Amended and repealed local policies, instruments, notices and general exemption orders to reflect the adoption of *The Securities*

Amendment Act, 2007 and National Instruments 41-101 and 62-104.

- Continued to examine policy issues on regulation of deposit agents in Saskatchewan related to Local Instrument 32-501 *Deposit Agents*.
- Disrupted illegal distributions by issuing 11 temporary cease trade orders.
- Planned a response to Provincial Auditor's recommendations on enforcement processes.
- Contributed to the development and harmonization of national securities laws by:
  - finalizing and implementing National Instrument 11-102 *Passport System* to adopt a "one decision" system of securities regulation for prospectuses and discretionary exemptions;
  - finalizing and implementing National Instrument 41-101 *Prospectus Requirements* to harmonize all local and national requirements related to prospectuses;
  - finalizing and implementing National Instrument 62-104 *Take-over and Issuer Bids* to harmonize requirements relating to take-over and issuer bids; and
  - developing a national regulatory response to principal protected notes.
- Participated on CSA Standing Committees that co-ordinated securities regulation in Canada.

2008-09 Core Activities and Strategic Action Items

- Continue to carry out core functions in: registration, prospectus and offering memorandum review, continuous disclosure review, discretionary exemption applications and enforcement.
- Continue to meet established turnaround times in registration, exemption applications, prospectus review and enforcement.
- Carry out compliance reviews of three Saskatchewan-based advisers, in keeping with a three-year review cycle for all advisers.
- Review continuous disclosure material filed by six Saskatchewan-based public companies selected according to the following criteria:
  - for TSX and TSX-V Tier 1 issuers – companies representing 25 per cent of average market capitalization; and
  - for TSX-V Tier 2, NEX and unlisted issuers – 10 per cent of the total number of issuers.
- Finalize recognition of Investment Industry Regulatory Organization of Canada (formed by merger of the IDA and Regulation Services).
- Continue to oversee the Investment Industry Regulatory Organization of Canada (IIROC) and the MFDA.
- Create a compliance program for Saskatchewan-based investment fund managers and exempt market dealers.
- Develop and implement response to Provincial Auditors' recommendations regarding enforcement processes.
- Continue to co-ordinate work with RCMP Commercial Crime, including developing protocols for joint file planning.
- Work with Justice Legislative Services and Financial Institutions Division to finalize policy issues on regulation of intermediation of deposit instruments in Saskatchewan.
- Develop amendments to *The Securities Act, 1988* and *The Securities Regulations* necessary to adopt and implement National Instrument 31-103 *Registration Requirements*.
- Create a one-decision/one-law system of registration by implementing NI 31-103 *Registration Requirements* and amendments to NI 11-102 *Passport System*.
- Finalize delegation of registration of investment dealers and their salespersons to IIROC.
- Contribute to the development of national securities laws by participating in projects of the CSA, including:
  - developing National Instrument 55-101 *Insider Trading* to harmonize insider reporting requirements and exemptions;
  - developing a fee model for all jurisdictions that reflects the one-decision system under Passport; and
  - amending existing national instruments, including: NI 41-101 *Prospectus Requirements*, NI 46-105 *Prospectus and Registration Exemptions*, and NI 51-102 *Continuous Disclosure Requirements*.

- Participate on various CSA Standing Committees that co-ordinate securities regulation in Canada.

	2007-08	2006-07	2005-06	2004-05	2003-04
Companies registered at year end	348	358	300	303	295
Individuals registered at year end	9668	9472	8701	8640	8414
Review and issue receipts for selling documents of Saskatchewan issuers	15	7	7	7	10
Issue receipts for selling documents of non-Saskatchewan issuers reviewed in other jurisdictions	911	870	722	737	715
Receive continuous disclosure documents for issuers					
Annual financial statements	4276	5087	3086	4425	4061
Interim financial statements	7080	6837	6667	6697	6219
Proxy/information circulars	4127	3516	3212	3068	2395
Material change reports	4156	4322	3598	4489	4353
Annual information forms	1165	1448	518	1561	1046
Management Discussion and Analysis					
Annual	1412	1422	735	1684	1103
Interim	4123	4040	4000	3480	0
Annual Management Report of Fund Performance	2822	3692	772		
Certification of annual filings	1494	1455	633	3277	0
Certification of interim filings	4127	4026	3804	803	0
Deal with applications for exemption					
Applications granted	535	599	595	607	578
Applications withdrawn	133	141	90	91	121
Applications denied	1	0	n/a	0	0
Investigate complaints and take enforcement action					
Files opened	158	143	97	38	132
Files closed	139	144	126	85	130
Obtained agreements and undertaking	2	4	2	4	2
Conducted examinations under oath	1	0	22	27	24
Held hearings	0	1	2	1	0
Issued investigation orders	6	2	7	14	10
Issued temporary cease trade orders	11	6	4	5	7
Issued extending/permanent cease trade orders	11	6	7	5	7
Issued orders removing exemptions	0	0	5	5	7

Performance Measures

In addition to tracking our core activities and progress toward achieving strategic action items, the SFSC uses performance measures developed within a balanced scorecard framework to assess our strategic success.

Stakeholder	People
Client (those regulated) confidence in the SFSC and the financial marketplace	Human resource management effectiveness Participation in learning and development
Operational/Internal	**Financial**
Number of regulated entities reviewed each year Oversight of SRO's (to be developed) Initial response to complaints or inquiries made to Enforcement Branch within five days Client service standards	Variance from budget

Measure	Data	Why Chosen?	Target	Performance
Client (those regulated) confidence in SFSC and the financial marketplace	Client survey	Clients are stakeholders whose views regarding the effectiveness of regulation are important	> 3.0 on a 5 point scale, indicating "Somewhat to Very Confident" rating	Average response of 3.1 in 2008 survey
Number of regulated entities reviewed (field and desk review) each year	Number of entities directly regulated by SFSC Target number of entities that will be reviewed (based on risk and other criteria)	If a reasonable number of entities are reviewed, it serves both as an education and a deterrence to all regulated	100% of target	FID 100% Securities 91% Pensions 99%
Oversight of SRO's (to be developed)				
Initial response to complaints or inquiries made to Enforcement Branch within 5 days	Number of complaint files received by Enforcement Branch, time to make initial decision	Timely decision making indicates SFSC takes complaints seriously and contributes to timely enforcement action	100%	100%
Client service standards	See table below	Timely response is an indicator that SFSC is providing quality service to those regulated	See table below – target 100%	Securities – registrations 82% Securities – prospectus 94% Pensions – valuations 93% Pensions – annual information returns 100% FID – licensing 98%
Human resource management effectiveness	Employee survey	Human capital is SFSC's most valuable resource	90% or more of staff believe the SFSC is an average or above average place to work	2005 survey – 89%
Participation in one or more learning and development events	HR database	SFSC is committed to creating a learning environment for its employees	80% of employees	88% of employees participated in a learning event
Variance from budget	Midas	Managing within authorized amounts is an indicator of efficiency	Be within 10% of budget	9% over budget in 2007-08

Client Service Standards

Securities Division

- Register persons or send a deficiency notice within 10 business days, where SFSC is the principal regulator, or five business days, where the SFSC is not the principal regulator, from receipt of application for registration.
- Provide initial comments within 10 business days of the date of the preliminary receipt issued for a long-form prospectus, and within three business days of the date of the preliminary receipt issued for a short-form prospectus, where SFSC is the principal regulator.

Pensions Division

- Review actuarial valuations of non-designated pension plans within 45 calendar days.
- Review annual information returns within 25 calendar days.

Financial Institutions Division

- Review an application and issue the license/ registration or an initial comment letter within 30 business days, where the SFSC is the primary regulator, or 15 business days, where the SFSC is not the primary regulator.

Legislation

General

- *The Saskatchewan Financial Services Commission Act*
- *The Saskatchewan Financial Services Commission Assignment Regulations*

Financial Institutions

- *The Cost of Credit Disclosure Act, 2002*
- *The Credit Union Act, 1998*
- *The Credit Union Regulations, 1999*
- *The Credit Union Insurance Business Regulations*
- *The Credit Union Act, 1985*
- *The Credit Union Regulations*
- *The Mortgage Brokers Act*
- *The Mortgage Brokers Regulations*
- *The Real Estate Act*
- *The Real Estate Regulations*
- *The Saskatchewan Insurance Act*
- *The Saskatchewan Insurance Councils Regulations*
- *The Saskatchewan Insurance Compensation Plan Regulations, 1990*
- *The Saskatchewan Insurance Regulations, 2003*
- *The Trust and Loan Corporations Act, 1997*
- *The Trust and Loan Corporations Regulations, 1999*

Pensions

- *The Pensions Benefits Act, 1992*
- *The Pension Benefits Regulations, 1993*

Securities

- *The Securities Act, 1988*
- *The Securities Regulations*
- *The Securities Commission (Regulation Procedures) Regulations*
- *The Securities Commission (Disclosure of Personal Information) Regulations*

Where to Obtain Additional Information

This report provides information about both our accomplishments and our future plans. If you have any questions or comments, or would like additional copies of the report, we invite you to call (306) 787-5645.

Or contact:

Saskatchewan Financial Services Commission
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2

Or visit our web site:
www.sfsc.gov.sk.ca